

Message Text

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ACTION EUR-25

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SUBJECT: FRENCH PRESS COMMENT ON IMPLICATIONS OF CAP PRICE POLICY

PASS AGRICULTURE

1. CURRENT CONTROVERSEY OVER 1973-74 CAP PRICES HAS SPARKED WIDE RANGE OF PRESS COMMENT ON PROBLEMS OF FRENCH AGRICULTURE AND CAP. WHILE MUCH OF THIS COMMENT IS CRITICAL OF US OBJECTIVES IN AGRICULTURE, IT ALSO REFLECTS AN ENCOURAGING TENDENCY TO EXAMINE INTERESTS OF CONSUMERS AS OPPOSED TO THOSE OF FARMERS. NOTE-WORTHY EXAMPLE IS APRIL 18 LE FIGARO EDITORIAL BY JAEAN DOMENGE WHO HAS ALSO WRITTEN RECENT PIECES ATTACKING ALLEGED US OFFENSIVE AGAINST CAP. DOMENGE IS SCHEDULED TO VISIT US LATER THIS YEAR AS LEADER GRANTEE.

2. UNDER THE TITLE " A PROBLEM OF CIVILIZATION" DOMENGE STATES THAT MILK AND BEEF PRESENT COMPLETELY DIFFERENT PROBLEMS. MILK POSES A PURELY SOCIAL PROBLEM. IT IS THE PRODUCT OF SMALL FARMERS WHO HAVE MISTAKENLY CONSIDERED THEIR REVENUE FROM MILK SALES AS A SALARY. THESE SMALL FARMERS, SUPPORTED BY FARM ORGANIZATIONS AND THE GOF, DEMAND INCREASES IN MILK PRICES LARGE ENOUGH TO COVER THEIR STEADILY MOUNTING COSTS, AND NO ONE WORRIES ABOUT BUTTER SURPLUSES.

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3. BEEF, ON THE OTHER HAND, IS AN ECONOMIC PROBLEM. SINCE BEEF PRODUCTION DOES NOT PAY, SUPPLY IS NOT ADEQUATE TO MEET EUROPEAN NEEDS, AND PRICES HAVE RISEN TO MORE THAN 30 PERCENT ABOVE THE LEVEL GUARANTEED BY THE EC. AT THIS HIGH PRICE, BEEF PRODUCTION IS PROFITABLE, BUT PRODUCERS FEAR PRICE FLUCTUATIONS AND DEMAND THAT THE GUARANTEED PRICE BE RAISED TO THE LEVEL OF THE PRESENT MARKET PRICE.

4. DOMENGE ARGUES THAT THESE PROBLEMS ARE A LOGICAL RESULT OF GOF AND EC POLICIES. FARM INCOME HAS ALWAYS DEPENDED ON PRICES, AND PRICE INCREASES BENEFIT THE PRODUCTIVE AND DYNAMIC FARMERS RATHER THAN THE MARGINAL PRODUCERS. MOREOVER, CEREAL PRODUCTION HAS BECOME SO PROFITABLE THAT FARMERS ARE DISCOURAGED FROM PRODUCING OTHER COMMODITIES WHICH ARE IN SHORT SUPPLY. THE SOLUTION, ACCORDING TO DOMENGE, IS TO RAISE FARM PRODUCTIVITY. BUT THE GOF'S LINE IS NOW MORE THAN EVER "DON'T MAKE WAVES" AND THERE ARE REPEATED ODES IN PRAISE OF FAMILY FARMS.

5. DOMENGE SAYS THAT THE MAINTENANCE OF AN AGRICULTURAL ARTISAN CLASS CAN BE JUSTIFIED ON SOCIAL GROUNDS, BUT THE CONSUMERS MUST BE WARNED OF THE IMPLICATIONS OF THIS POLICY. THEIR FOOD EXPENDITURES WILL AGAIN TAKE ON THE MAJOR ROLE WITHIN FAMILY BUDGETS THAT THEY HELD NOT SO LONG AGO. ONE OF TWO THINGS WILL OCCUR: EITHER SALARIES MUST RISE MORE RAPIDLY OR HOUSEHOLD EXPENDITURES AND INDUSTRIAL INVESTMENT WILL HAVE TO BE REORIENTED.
IRWIN

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